

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 IO-13 ISO-00 DHA-02 MCT-01 EB-08 TRSE-00
OMB-01 COME-00 SIL-01 LAB-04 CIAE-00 DODE-00 PM-04
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TO SECSTATE WASHDC 5627
INFO AMCONSUL DURBAN
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AMCONSUL JOHANNESBURG
AMEMBASSY LONDON
AMEMBASSY LUSAKA
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E.O. 11652: N/A
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SUBJ: PRESIDENT'S ADDRESS AT OPENING OF SOUTH AFRICAN
PARLIAMENT

1. IN HIS OPENING ADDRESS TO THE 1977 SESSION OF THE SOUTH
AFRICAN PARLIAMENT, STATE PRESIDENT DR. N. DIEDERICH'S GAVE
BOTH HIS VIEWS ON CURRENT DEVELOPMENTS IN SOUTH AFRICA AND
A CLEARER IDEA OF THE LEGISLATION AND TYPES OF ISSUES THE
GOVERNMENT HOPES TO ADDRESS IN THIS SESSION OF PARLIAMENT.

2. EXTERNAL ISSUES - DIEDERICH'S RECOGNIZED 1976 AS A WATER-
SHED YEAR FOR SOUTH AFRICA IN THE INTERNATIONAL ARENA. HE
STRESSED THE URGENCY OF FINDING SOLUTIONS TO PROBLEMS IN
RHODESIA AND SOUTH WEST AFRICA IN ORDER TO STAVE OFF THE
GROWING THREAT OF MARXISM. ALTHOUGH A RHODESIAN SOLUTION
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IS NOW IN "SERIOUS DOUBT", SOUTH AFRICA WILL CONTINUE TO
DO WHAT IT CAN TO HELP ACHIEVE A LASTING AND PEACEFUL
AGREEMENT. DIEDERICH'S PRAISED THE COMING TO INDEPENDENCE
OF TRANSKEI, AND NOTED THAT BOPHUTHATSWANA WOULD SOON
FOLLOW. HE STRESSED THAT THE GOVERNMENT WILL NEVER YIELD
TO THE TYPE OF EXTERNAL PRESSURE BEING EXERTED ON IT BY
THE UNITED NATIONS.

3. ON SOUTH WEST AFRICA, DIEDERICH'S NOTED THAT GOOD PROGRESS TOWARD INDEPENDENCE HAD BEEN MADE. THERE IS, HOWEVER, AN INCREASING TERRORIST THREAT IN THE TERRITORY. MEASURES WILL BE INTRODUCED IN THIS YEAR'S SESSION TO STEP UP DEFENSE PREPAREDNESS OF THE DEFENCE FORCE AND TO IMPROVE CIVIL DEFENSE. THIS WILL PROBABLY REQUIRE AN INCREASE IN MILITARY MANPOWER.

4. RACIAL ISSUES - 1976 WAS ALSO NOTED AS A SIGNIFICANT YEAR BECAUSE OF THE EMERGENCE OF INTERNAL ELEMENTS BENT ON "TOTALLY DESTROYING...THE EXISTING...ORDER." DIEDERICH'S BLAMED LAST YEAR'S RIOTS ON "FORCES OF SUBVERSION". HE EXPRESSED SYMPATHY WITH RIOT VICTIMS AND PRAISED THE POLICE FOR THEIR "RESTRAINT". LAW AND ORDER WILL CONTINUE TO BE MAINTAINED. DIEDERICH'S STATED THAT SOCIAL, ECONOMIC AND POLITICAL "ADJUSTMENTS" HAVE BEEN MADE IN PAST AND WILL CONTINUE TO BE MADE. EFFORTS WILL BE MADE TO GIVE URBAN BANTU GREATER SAY IN THEIR OWN AFFAIRS. TO THIS END, URBAN BANTU COUNCILS AND BANTU ADVISORY COMMITTEES WILL BE REPLACED BY "COMMUNITY COUNCILS" WITH GREATER EXECUTIVE POWER. FOR THE COLOREDS, THE GOVERNMENT INTENDS TO PROVIDE A WHITE PAPER DEALING WITH THE GHERON COMMISSION RECOMMENDATIONS.

5. ECONOMIC - BALANCE OF PAYMENTS - STRICT FISCAL AND MONETARY POLICIES, THE IMPORT DEPOSIT SCHEME AND THE IMPROVED GOLD PRICES CONTRIBUTED TO POSITIVE TREND IN BALANCE OF PAYMENTS. HOWEVER, AS RESULT POLITICAL DISTURBANCES AND SLOWER GROWTH RATE OF THE ECONOMY, THERE WAS DECLINE IN THE NET INFLOW
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OF FOREIGN CAPITAL COMPARED TO HIGH LEVELS IN 1975. SINCE LOWER INFLOW OF FOREIGN CAPITAL MAY CONTINUE "FOR SOME MONTHS" AND IN VIEW DESIRABILITY OF REPAYING SHORT-TERM LOANS AND BUILDING UP GOLD AND OTHER RESERVES, IT "CLEARLY NECESSARY" TO MAINTAIN STRICT FISCAL AND MONETARY POLICY UNTIL OVERALL BALANCE OF PAYMENTS SHOWS SUBSTANTIAL AND LASTING IMPROVEMENT.

6. INFLATION - WHILE PROGRESS HAS BEEN MADE RATE OF INFLATION NOT YET REDUCED TO ACCEPTABLE LEVEL AND ANTI-INFLATION PROGRAM WILL BE EXTENDED.

7. GOVERNMENT EXPENDITURE - NECESSITY TO HOLD DOWN EXPENDITURE HAS RESULTED IN DELAYING CERTAIN ESSENTIAL PROJECTS AND CURTAILING OTHERS. WHILE EXPENDITURES WILL CONTINUE TO BE LIMITED, CUTS IN NECESSARY INFRASTRUCTURES, PARTICULARLY PUBLIC SERVICES AND EXPORT FACILITIES, MUST BE HELD TO MINIMUM.

8. UNEMPLOYMENT - DIEDERICH'S MINIMIZED PROBLEM, SAYING ONLY

THAT "A MEASURE OF UNEMPLOYMENT WAS TO BE EXPECTED" AND
"A FEW SECTORS" MOST SEVERELY AFFECTED HAVE BEEN COMPELLED
TO REDUCE NUMBER OF EMPLOYEES. NONETHELESS, DEMAND FOR
CERTAIN SKILLED WORKERS CONTINUES AND WHILE OVERSEAS
RECRUITMENT WAS REDUCED, LABOR FORCE WAS AUGMENTED TO
SOME EXTENT FROM ABROAD.

9. DIEDERICHS CONCLUDED THAT DESPITE SOME DIFFICULTIES,
SOUTH AFRICA'S FUTURE CONTINUES TO BE BRIGHT: "TOO MANY
OF US AT THE MOMENT ARE... UNDULY PESSIMISTIC.
... THERE ARE SO MANY FACTORS IN OUR FAVORSOUTH
AFRICA CONTINUES TO BE CHARACTERIZED BY POLITICAL STABILITY."

10. COMMENT FOLLOWS IN SEPERATE CABLE. BOWDLER

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